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September 5, 2003

Mr. Thomas L. Mumaw
Pinnacle West Capital Corporation Law Department
P.O. Box 53999
Phoenix, Arizona 85072-39999

Re: APS Rate Case: E-01345A-03-0437

Dear Mr. Mumaw:

Thank you for your prompt response to my July 24 letter.

In your letter, you assert that exclusion of the PWEC assets would require other cost of service adjustments *"that could legitimately have been made that would have further increased the APS revenue requirement but which were not requested by APS in the original application."* Please reference the pages in Mr. Robinson's Direct Testimony that lists these other cost of service adjustments that were not included in the Application. Please list any other adjustments APS would include if PWEC assets were not included.

For each adjustment, please identify the dollar impact on APS' revenue requirement and explain why such an impact occurs. Your response should detail how each adjustment relates to revenues, expenses and rate base, etc., for each of the PWEC assets. In addition to any correspondence you send to address this letter, you should also include your answers in APS' filed testimony.

Again, I appreciate your attention to my questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lowell Gleason".

Mike Gleason
Commissioner

c: Chairman Marc Spitzer
Commissioner Jim Irvin
Commissioner Bill Mundell
Commissioner Jeff Hatch-Miller
Parties to the Docket